

SUMMARY OF BUSINESS OPPORTUNITY

This summary provides a synopsis of the key elements of the National Park Service (“Service”) Draft Concession Contract CC-BLRI003-15 (“Draft Contract”), which will authorize lodging, food and beverage, retail and other services at Pisgah Inn within along the Blue Ridge Parkway. The Service has been given specific legislative authority to issue concession contracts under Public Law 105-391, and the Draft Contract will be subject to that law and implementing regulations in 36 C.F.R. Part 51. In the event of any inconsistency between the terms of the Draft Contract and this summary, the Draft Contract will control.

Overview of Concession Services to be Required and Authorized

The Business Opportunity section of this Prospectus describes the commercial visitor services Required and Authorized within the Draft Contract. The Concessioner must provide the Required Services and may, at its option and with Service approval, provide the Authorized Services. Exhibit S-1 provides a summary of the Required and Authorized Services under the Draft Contract.

Exhibit 1. Required and Authorized Services in the Draft Contract

Required Services	Location
Lodging	Pisgah Inn
Food and Beverage	Pisgah Inn Restaurant
Retail	Gift Shop and Country Store
Authorized Services	Location
Hiker Shuttle	From the Concession Facilities to Service-approved destinations
Meetings, Catering and Special Events	Pisgah Inn
Vending	Pisgah Inn
Automated Teller Machine	Pisgah Inn
Laundry Service	Pisgah Inn

Source: National Park Service

Concession Facilities

Draft Contract Exhibit D (“Assigned Land and Real Property Improvements”) presents a detailed land assignment map showing the Concession Facilities for this business opportunity. The Concessioner will be responsible for maintenance, repairs, housekeeping and groundskeeping of the Concession Facilities as provided in the Draft Contract.



Estimate of Initial Investment

Exhibit S-2 summarizes the estimated initial investment to be made by the Concessioner in 2015 dollars.

Exhibit 2. Estimated Initial Investment (2015)¹

Item	Estimated Amount (2015 Dollars)
Leasehold Surrender Interest²	\$3,894,822
Personal Property	\$613,000
Inventory	\$35,000
Estimated Deferred Maintenance (DM)³	\$200,000
Concession Facilities Improvement Program (CFIP)⁴	\$575,000
Start-up Costs	\$150,000
Working Capital	\$150,000
TOTAL	\$5,617,822

Source: National Park Service

¹ These estimated amounts are not warranted by the Service and the Service is not bound by these estimates. Offerors are expected to conduct their own due diligence to determine amounts needed for initial investment.

² In the event that this amount changes prior to the award of the Draft Contract, this solicitation will be amended accordingly or cancelled.

³ The amount indicated in this line item represents estimated costs over the first two years of the contract term for DM not covered by the Repair and Maintenance Reserve or regular operating expenses as required in the Draft Contract. See the Draft Contract Exhibit H ("Maintenance Plan"), Attachment 1 for a List of DM.

⁴ The amount indicated in this line item represents estimated costs over the first two years of the contract term. The estimated range for the cost of the CFIP is \$550,000 to \$600,000.

Existing Leasehold Surrender Interest

The Existing Contract requires the Existing Concessioner to sell and transfer to the successor its Leasehold Surrender Interest (LSI) held in connection with its operations. The appendices of this Prospectus include a copy of the Existing Contract, including all amendments and agreements. The Concessioner must compensate the Existing Concessioner pursuant to the terms of the Existing Contract for the LSI associated with Concession Facilities assigned to the Draft Contract.

As defined in the Draft Contract Exhibit G ("Leasehold Surrender Interest as of the effective date of this Contract"), the outstanding amount owed the Existing Concessioner for LSI is \$3,894,822. In the event that this amount changes prior to the award of the Draft Contract, the Service will amend or cancel this solicitation accordingly.

The Draft Contract provides that the Concessioner will obtain LSI in capital improvements it constructs in accordance with the terms of the Draft Contract. The Draft Contract defines "capital improvements" as the construction of "structures" and "major rehabilitations," and, the installation of "fixtures" (including non-removable equipment) as these terms are defined in the Draft Contract. Title 36 of the Code of Federal Regulations, Section 51.51 defines LSI. Upon contract termination or expiration, the Concessioner is entitled to compensation for any approved LSI. LSI may also be extinguished at any time during the term of the Draft Contract by payment of the value of approved LSI to the Concessioner by the Service.



Required Concession Facilities Improvement Program (CFIP)

The Concessioner must undertake and complete a Concession Facilities Improvement Program (CFIP) to

- Install NFPA compliant fire suppression systems in the Office/Lodge Building A and Lodge Building B per National Fire Protection Association Standard for the Installation of Sprinkler Systems (NFPA 13);
- Replace the existing sprinkler system in the Restaurant building with a new NFPA compliant fire suppression system per NFPA 13;
- Install NFPA compliant fire suppression systems in the four Dorms per NFPA 13R (Standard for the Installation of Sprinkler Systems in Low-Rise Residential Occupancies);
- Install a new Intelligent Analog Addressable Fire Alarm Signaling System in accordance with 2013 NFPA 72 in the restaurant, Building A, Building B and Building C; and,
- Install new smoke detectors in the Dorm buildings in compliance with NFPA 101 life safety code.

The CFIP will cost the Concessioner not less than \$550,000 and not more than \$600,000 and be completed by November 15, 2016. The Service anticipates these costs will generate little to no Leasehold Surrender Interest (LSI). Please refer to Section 9 of the Draft Contract for further information.

Historical Revenue

The Existing Concessioner's total annual gross revenue by department, gross receipts subject to franchise fee, and franchise fee paid over the past three years are presented in the following table.

Exhibit 3. Historical Revenue by Department and Revenue Subject to Franchise Fee			
Department	2011	2012	2013
Lodging	\$1,197,416	\$1,273,041	\$1,218,511
Food and Beverage	\$1,570,174	\$1,565,417	\$1,488,862
Retail	\$636,773	\$671,243	\$605,623
Total Gross Revenue	\$3,404,363	\$3,509,701	\$3,312,996
Less: Exempt Handicrafts	\$76,376	\$111,886	\$106,506
Less: Cash Discounts on Purchases	\$86,171	\$92,167	\$83,588
Gross Receipts Subject to Franchise Fee	\$3,241,816	\$3,305,648	\$3,122,902
Franchise Fee Paid	\$97,254	\$99,169	\$93,687

Source: National Park Service

Preferred Offeror Determination

The 1998 Concessions Act includes the limited right of preference in renewal for statutorily defined outfitter and guide services and small contracts. The Service has determined, pursuant to 36 C.F.R. Part 51, that no "preferred offeror" exists for the award of the Draft Contract. The solicitation for commercial service is fully competitive.

Repair and Maintenance Reserve

The Draft Contract requires the Concessioner to establish a Repair and Maintenance Reserve for repair and maintenance projects that are non-recurring within a seven-year time frame. The Concessioner must debit to the Reserve a sum equal to **two point five percent (2.5%)** of gross receipts for the previous month. The terms and conditions of the Repair and Maintenance Reserve are set out in the Draft Contract in Section 10(c).



Contract Term

The Draft Contract will be for a term of ten (10) years beginning on its effective date, estimated to be March 1, 2015. The effective date of the Draft Contract is subject to change prior to Contract award if determined necessary by the Service. If the effective date is modified, the expiration date of the Draft Contract will be changed to maintain a term length of 10 years.

Franchise Fee

The minimum franchise fee will be equal to **one percent (1.0%)** of the Concessioner's annual gross receipts for the preceding year. However, Offerors may propose a higher minimum franchise fee, as described more fully in the Proposal Package (included in part III of this Prospectus).

Site Visit

The Service will lead a site visit on the dates listed on the inside front cover of this Prospectus. For more information regarding the specific time and to reserve a place, please contact Laura S. Nelson, Concession Management Specialist by phone at (828) 348-3407 or via email at laura_s_nelson@nps.gov. The site visit will be an opportunity for all interested parties to get an overview of the concession operation along with a tour of Concession Facilities associated with the Draft Contract.

